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## CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR  
THOMAS M. MENINO

December 5, 2003

Dear Taxpayer,

Residential property owners in the City of Boston currently face a serious issue. Without a change in state law, turbulent trends in the real estate market will result in significant increases in residential taxes.

When the City sets the property tax rate each year, the state's classification formula distributes the burden between business and residential taxpayers. This system has worked well over the past decade. Even when property values fluctuated, the City maintained a consistent balance between businesses and residents.

Now, however, we are facing an unusual economic trend. Residential property values continue to rise in neighborhoods across the City, while business property values — particularly downtown — are lagging. Because of this trend, over \$100 million in property taxes previously assessed to businesses will be shifted to residential taxpayers under the existing state formula. The projected annual tax amount appearing on the enclosed notice reflects the potential impact of this shift on your tax bill.

My administration anticipated this problem, and I filed legislation last year to modify the state formula to assist residential taxpayers. Residential taxes will still rise due to the increased values, but the legislation will significantly reduce the impact. The portion of the tax levy paid by business would still decline slightly.

It has always been my goal to develop and support policies that fairly distribute the tax burden and strive to keep home ownership as affordable as possible. Two years ago, we won approval from the Legislature to increase the residential exemption. Last year, we expanded tax assistance programs for the elderly and disabled veterans. I will continue to stand up for what I believe are the best interests of the Boston's residents and businesses and to advocate for changes at the state level that will help Boston maintain its position as a great city in which to live and work.

Sincerely,

Mayor Thomas M. Menino

